# FCA and ICO outline blueprint for open finance and smart data governance



The UK is positioning itself as a global leader in responsible digital innovation with a new regulatory approach to open finance and smart data. The Financial Conduct Authority (FCA) and the Information Commissioner’s Office (ICO) have published a joint article via the Digital Regulation Cooperation Forum (DRCF), setting out their shared vision for extending open banking principles across the wider financial ecosystem.

At the heart of the strategy is a commitment to secure, consent-based data sharing, underpinned by the recently enacted Data Use and Access Act 2025 and the UK Smart Data framework. These reforms aim to give consumers greater control over their personal data while enabling competition and innovation across sectors.

The ICO’s role is central to ensuring that privacy and data protection remain core to open finance’s evolution. The regulators underscored that any expansion must maintain public trust, particularly as emerging technologies—such as APIs, artificial intelligence, distributed ledger technology and digital identity verification—become increasingly integrated into digital services.

To help firms navigate this evolving environment, the ICO will issue a statutory code of practice on AI use, building on existing guidance. The FCA and ICO’s joint insights reaffirm their intention to support responsible deployment of these technologies, including through the AI and Digital Hub—an initiative offering bespoke advice to innovators developing data-intensive solutions.

Digital identity is another pillar of the strategy, with the Department for Science, Innovation and Technology leading the UK Trust Framework. This government-led scheme will establish national standards for identity verification, crucial for secure data sharing across sectors.

The FCA and ICO also highlighted their commitment to cross-sector collaboration, working closely with government departments and industry partners to support Smart Data Schemes. These schemes, enabled by the new legislation, facilitate safe data sharing between organisations and authorised third parties to unlock economic growth and service innovation.

This regulatory alignment forms part of the UK government’s wider data reform agenda, which includes a refreshed advisory board for the Centre for Data Ethics and Innovation (CDEI). The CDEI will play a key role in guiding trustworthy applications of data and AI, ensuring that ethics and legality remain embedded in innovation.

The FCA and ICO’s coordinated approach reflects an optimistic and practical response to the growing demand for clear rules around AI, data governance and digital financial services. Their roadmap sets a strong precedent for how innovation and regulation can advance together, balancing opportunity with accountability.

As open finance expands and smart data becomes more embedded in everyday services, the UK’s integrated regulatory model may serve as a global benchmark—ensuring progress is built on a foundation of trust, transparency and consumer empowerment.

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## Bibliography

1. <https://www.jdsupra.com/legalnews/fca-and-ico-joint-insights-on-the-5802912/> - Please view link - unable to able to access data
2. <https://www.drcf.org.uk/publications/blogs/the-future-of-open-finance-and-smart-data-joint-insights-from-the-fca-and-ico> - The Financial Conduct Authority (FCA) and the Information Commissioner's Office (ICO) have collaborated through the Digital Regulation Cooperation Forum (DRCF) to explore the future of Open Finance and Smart Data. Open Finance aims to extend Open Banking principles to a broader range of financial products, granting consumers greater control over their data and fostering innovation and competition. The initiative underscores the significance of secure, consent-based data sharing, supported by the UK's Smart Data framework and the recently enacted Data Use and Access Act. The ICO's role is pivotal in ensuring data protection and consumer rights remain central to Open Finance's development. ([drcf.org.uk](https://www.drcf.org.uk/publications/blogs/the-future-of-open-finance-and-smart-data-joint-insights-from-the-fca-and-ico?utm_source=openai))
3. <https://www.drcf.org.uk/news-and-events/news/the-future-of-open-finance-and-smart-data-joint-insights-from-the-fca-and-ico> - The Digital Regulation Cooperation Forum (DRCF) has released a blog detailing the FCA and ICO's joint insights on Open Finance and Smart Data. The collaboration focuses on technologies shaping Open Finance's future and addresses emerging regulatory questions, such as delivering positive consumer outcomes, fostering trust in new products and services, and ensuring data is used only for clear and defined purposes. ([drcf.org.uk](https://www.drcf.org.uk/news-and-events/news/the-future-of-open-finance-and-smart-data-joint-insights-from-the-fca-and-ico?utm_source=openai))
4. <https://www.fca.org.uk/news/blogs/tech-trust-and-teamwork> - The FCA and ICO are working together to support firms in using AI responsibly while protecting consumers and fostering innovation. They aim to provide clarity on data protection and financial regulation, enabling firms to innovate confidently. Their collaboration includes initiatives like the AI and Digital Hub, which offers tailored support to innovators. ([fca.org.uk](https://www.fca.org.uk/news/blogs/tech-trust-and-teamwork?utm_source=openai))
5. <https://ico.org.uk/about-the-ico/media-centre/news-and-blogs/2025/06/tech-trust-and-teamwork-how-the-fca-ico-are-helping-innovation-take-off/> - A joint blog from the Information Commissioner and the FCA Chief Executive discusses how the FCA and ICO are assisting firms in using AI responsibly. They emphasize the importance of a joined-up regulatory approach to foster innovation while protecting consumers. The collaboration includes initiatives like the AI and Digital Hub, offering tailored support to innovators. ([ico.org.uk](https://ico.org.uk/about-the-ico/media-centre/news-and-blogs/2025/06/tech-trust-and-teamwork-how-the-fca-ico-are-helping-innovation-take-off/?utm_source=openai))
6. <https://www.gov.uk/government/news/uk-launches-data-reform-to-boost-innovation-economic-growth-and-protect-the-public> - The UK government has announced data reforms aimed at boosting innovation, economic growth, and public protection. The reforms include the establishment of the Centre for Data Ethics and Innovation's refreshed advisory board, focusing on enabling trustworthy use of data and AI in the real world. The CDEI will work with organizations to deliver, test, and refine trustworthy approaches to data and AI governance. ([gov.uk](https://www.gov.uk/government/news/uk-launches-data-reform-to-boost-innovation-economic-growth-and-protect-the-public?utm_source=openai))
7. <https://kennedyslaw.com/en/thought-leadership/article/2025/smart-data-schemes-and-digital-services-under-the-data-use-and-access-bill-2025-the-uk-s-new-legal-framework-for-trusted-data-sharing-uk/> - The article discusses the UK's new legal framework for trusted data sharing under the Data (Use and Access) Bill 2025. It outlines the legislative powers underpinning Smart Data Schemes, which aim to extend Open Banking principles to other sectors and industries. The framework is designed to boost public services and grow the UK economy by enabling government-mandated data sharing between organizations and authorized third parties across multiple sectors. ([kennedyslaw.com](https://kennedyslaw.com/en/thought-leadership/article/2025/smart-data-schemes-and-digital-services-under-the-data-use-and-access-bill-2025-the-uk-s-new-legal-framework-for-trusted-data-sharing-uk/?utm_source=openai))